

## Message Text

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ACTION EA-14

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R 140919Z AUG 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 0000

INFO AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

AMEMBASSY KUALA LUMPUR

AMEMBASSY BANGKOK

AMEMBASSY SAIGON

AMEMBASSY PHNOM PENH

AMEMBASSY VIENTIANE

AMEMBASSY RANGOON

C O N F I D E N T I A L MANILA 9701

STADIS//////////

FOR DEPUTY SECRETARY FROM AMBASSADOR

E.O. 11652: GDS

TAGS: ASEAN

SUBJECT: US-ASEAN ECONOMIC CONSULTATIONS

REF: STATE 176399

1. I WARMLY WELCOME DEPARTMENT'S PROPOSAL TO HOLD ECONOMIC CONSULTATIONS WITH ASEAN, AND BELIEVE THAT IT CONSTITUTES A PRINCIPLED STEP IN THE RIGHT DIRECTION. AS YOU KNOW, I HAVE LONG ADVOCATED THAT WE UNDERTAKE MEASURES SUCH AS THIS IN ORDER TO DEMONSTRATE NOT ONLY AMERICAN SUPPORT FOR ASEAN EFFORTS, BUT ALSO A CONCEPTUAL FRAMEWORK FOR FUTURE AMERICAN POLICY IN SOUTHEAST ASIA.

2. WE SHOULD CLEARLY UNDERSTAND, AS YOUR MESSAGE POINTS OUT, THAT MOVING ALONG THIS PATH WILL BE MORE COMPLEX AND  
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PROBABLY MORE FRUSTRATING THAN REMAINING IN THE WELL-KNOWN

AND WELL-WORN BILATERAL TRACKS. HOWEVER, I STRONGLY FEEL THAT WE SHOULD ACCEPT THESE ADDITIONAL DIFFICULTIES AND GRAPPLE WITH THEM BECAUSE THE BASIC DECISION IS RIGHT. AS A MATTER OF ECONOMIC SELF-INTEREST, IF WE WISH TO DEAL EFFECTIVELY IN FUTURE WITH THE YET MILD TENDENCY OF ASEAN TO ECONOMIC UNION, WE SHOULD WORK OUT THE APPROPRIATE MACHINERY SOON RATHER THAN WAIT FOR AUTARCHY TO SET IN DUE TO INATTENTION. THE ROAD BACK FROM THERE, AS WE HAVE LEARNED THE HARD WAY WITH THE EEC, IS LONG, TOUGH, AND TOO FREQUENTLY IRRITATING.

3. THERE IS ONE TACTICAL FEATURE OF YOUR MESSAGE TO WHICH I TAKE SHARP EXCEPTION. THAT IS THE PROPOSAL TO LAUNCH YOUR INITIATIVE THROUGH INDONESIA AS OUR CHOSEN INSTRUMENT. THE SMALLER ASEAN COUNTRIES ARE ALREADY SOMEWHAT SKITTISH ABOUT THE POTENTIALLY OVERWHELMING POWER OF THE INDONESIANS, ESPECIALLY WITH THEIR NEW-FOUND OIL-REVENUE FOREIGN EXCHANGE EARNINGS. AS FAR AS I CAN SEE, THE INDONESIANS ARE THEMSELVES SENSITIVE TO THIS SITUATION AND WISH TO TREAD LIGHTLY WITH THEIR ASEAN PARTNERS. THEREFORE, OUR SELECTION OF INDONESIA AS THE CATALYST FOR OUR APPROACH WOULD NOT ONLY FRIGHTEN THE SMALLER ASEAN NATIONS, BUT WOULD PROBABLY ALSO EMBARRASS THE INDONESIANS.

4. CONSEQUENTLY, I URGENTLY RECOMMEND THAT YOU DROP THE IDEA OF AN EXPLORATION APPROACH WITH MALIK, AND MOVE DIRECTLY INTO THE MUDDY MULTILATERAL WATERS WITH ALL FIVE NATIONS SIMULTANEOUSLY. I REALIZE THIS WILL BE LESS TIDY, BUT I THINK, IN THE LONG RUN, IT WILL BE FAR MORE PALATABLE. HENCE, I FEEL YOU SHOULD START THIS EXERCISE OFF WITH A CONCOCACTION, IN WASHINGTON, IN WHICH YOU CALL IN ALL FIVE ASEAN AMBASSADORS AND PUT THE PROPOSITION BEFORE THEM. THIS APPROACH CAN THEN BE SUPPORTED BY IDENTICAL DEMARCHES BY THE U.S. AMBASSADORS IN EACH OF THE FIVE CAPITALS. PRESUMABLY, GIVEN ASEAN EXPERIENCE WITH EC AND JAPAN, THERE WILL BE REASONABLY IDENTICAL RESPONSES FROM THE COUNTRIES CONCERNED.

5. AS FAR AS TIMING OF THE SUBSTANTIVE MEETING IS CONCERNED, I AGREE THAT IT SHOULD BE FAIRLY SHORTLY AFTER THE TRADE  
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REFORM ACT IS ENACTED. IF POSSIBLE, IT SHOULD ALSO FOLLOW ON COMPLETION OF ASEAN NEGOTIATIONS WITH THE EC, SINCE THOSE NEGOTIATIONS WILL PROBABLY HAVE A BEARING, PARTICULARLY ON NATURE OF GSP LISTS WHICH WILL BE PLACED BEFORE U.S. NEGOTIATORS.

6. WITH REGARD TO PLACE, I THINK IT IS COSMETICALLY IMPORTANT THAT MEETING BE IN AN ASEAN CAPITAL, RATHER THAN

IN WASHINGTON.

7. ONE FINAL THOUGHT. WHEN WE BROACH THIS WHOLE CONCEPT TO FILIPINOS, WE MUST HANDLE IT IN SUCH A WAY THAT WE AVOID CREATING IMPRESSION WE ARE GOING THE ASEAN ROUTE IN LIEU OF A BILATERAL TRADE AND INVESTMENT TREATY TO REPLACE LAUREL-LANGLEY. THERE WILL BE A NATURAL SUSPICION THIS IS SO, AND WE MUST DISPEL IT EARLY IN THE GAME BY GIVING TANGIBLE EVIDENCE OF OUR CONTINUED DESIRE TO NEGOTIATE BILATERAL AGREEMENT, INCLUDING MFN TARIFF CONCESSIONS, WHILE DOING THE ASEAN APPROACH IN A PARALLEL PLANE. IF PRESENTED PROMPTLY AND CONVINCINGLY, THIS ARGUMENT WILL HAVE THE HELPFUL EFFECT OF ACCELERATING PHILIPPINE ACCEPTANCE OF A BILATERAL TREATY.  
SULLIVAN

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## Message Attributes

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